

# Debt Service

**Mission.** The Debt Service Fund provides the payments required for governmental debt issued and collateralized by the full faith and credit of the City.

**Overview.** The Debt Service Fund is administered according to the Debt Policies of the City. Funding sources for debt payment include property taxes, transfers from other funds, special assessments, and interest earnings.

The City's Debt Policies are as follows: Long-term borrowing (bonds) will be confined to capital improvements and self-insurance programs; the City uses short-term debt (notes) for bond anticipation purposes; revenue bonds are issued (when practical) for City enterprise operation debt to reduce the amount of the City's general obligation debt; the City maintains an aggressive retirement program for existing debt, ten years for City at-large debt and 15 years for special assessment debt; the City uses general obligation debt to fund general purpose public improvements which cannot be financed from current (pay-as-you-go) revenues; the City uses special assessment general obligation debt to fund special benefit district improvements; and, the City maintains a Debt Service Fund reserve approximating five percent of annual revenues.

**Finance and Operations.** The current budget maintains property tax support at the ten-mill level. No increases in property tax rates are assumed. The debt service estimates are based on projects included in the adopted 2000 – 2009 Capital Improvement Program.

The debt service projection does not include any additional general obligation local sales tax (GO-LST) bonds which will be required to finance additional freeway construction. Previous GO-LST bond issues were \$50 million in 1992 and \$25 million in 1996. The cost to complete the Kellogg freeway from K-96 on the east to Maize Road on the west is estimated at \$315 million, to be financed by \$222 million in GO-LST bonds, \$73 million pledged by the state, and \$20 million from Sedgwick County. LST-GO bonds are also expected to fund \$15.5 million for a bridge over the floodway in west Wichita, with the balance of construction funds (\$10 million) coming from Sedgwick County.

New revenue streams directly offset the debt service requirements for the Tourism and Convention Fund(T&C) and the Tax Increment Financing (TIF) Districts. Transfers from T&C for the Hyatt Parking Garage and Energy Complex will be supported by transient guest taxes exclusive to the Hyatt Hotel. The East Bank, 21st and Grove, and Old Town TIFs will be supported by real estate tax increases associated with improvements in the respective areas.

Temporary note repayment is primarily intended for projects which may not qualify for tax exempt bond status, and would be required to be repaid with higher interest taxable bond issues. These funds can also be used to reduce future debt service requirements by selectively retiring obligations following short-term financing.

Debt Service Fund Budget Summary					
	1999 Actual	2000 Adopted	2000 Revised	2001 Adopted	2002 Approved
General Property Tax	17,412,492	18,825,530	18,539,260	20,303,750	21,114,900
Special Assessments	23,269,404	23,475,730	25,111,290	24,156,840	23,385,620
Motor/Recreational Vehicle Tax	2,685,569	2,936,420	3,074,360	2,976,080	3,095,120
Interest Earnings	1,646,062	1,152,760	1,397,960	1,491,130	1,434,270
Transfers In/T&C	2,351,470	2,474,840	2,350,180	2,007,130	2,514,280
Transfers In/TIF Districts	138,959	647,380	1,326,910	1,284,830	1,333,460
Transfers In/Other	10,757,231	9,496,970	9,617,240	9,261,650	8,908,170
<b>Total Debt Service Fund Revenue</b>	<b>58,261,188</b>	<b>59,009,630</b>	<b>61,417,200</b>	<b>61,481,410</b>	<b>61,785,820</b>
Existing Debt	47,066,799	45,401,160	49,805,240	48,566,330	46,395,140
Temporary Notes	6,302,975	10,110,370	20,603,959	5,666,460	4,595,260
New Debt	0	3,498,100	3,498,110	7,248,620	10,795,420
<b>Total Debt Service Fund Expenditures</b>	<b>53,369,774</b>	<b>59,009,630</b>	<b>73,907,309</b>	<b>61,481,410</b>	<b>61,785,820</b>
Revenue Over (Under) Expenditures	4,891,414	0	(12,490,109)	0	0
<b>Debt Service Fund Balance</b>	<b>15,490,109</b>	<b>2,000,000</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>3,000,000</b>